Beginning a New Revolution

Croatia has had many challenges to face over the years, but has shown resilience. Despite all odds, Croatians have risen to the challenge of restoring their land, economy and faith, as well as implement changes to ensure a safe and financially secure future.

A Glance into Croatia’s Past

Croatia has suffered unimaginable loss. The war devastated the entire country, including the largest Yugoslavian companies, such as Koncar. The loss of these companies has impacted the economy and Croatians have suffered tremendously.

Mr. Goran Radman, Chairman of Microsoft South-East Europe, says, “Enterprises were not successful and there was not much interest in foreign investments. However, because Croatia does not offer cheap labor, people felt that this was not such a devastating loss, as foreign investors would leave Europe in search of cheap labor elsewhere.” Although Croatia was destroyed, the people overcame this destruction and found the positive in a grim situation.

Prior to the war, Croatia was on its way to becoming part of the European Commission. According to Mr. Zeljko Covic, President of Pliva Pharmaceuticals, “Our industrial culture was a key characteristic of Croatia for many years. Most of the high technology industries were in Croatia. We had a good educational system, and a solid knowledge-based economy.” The war may have slowed them down, but it did not defeat them.

Emerging from Devastation to Hope and Change

Croatia has emerged from the depths of destruction and has transformed into a technologically sophisticated, knowledge-based society. With efficient allocation of capital, the best ideas have always been tailored to economic progress. In 1998, the Business Innovation Center of Croatia (BICRO) was established to stimulate the transfer of technology and commercialization and contribute to the creation and development of stockholder’s equity.

BICRO has developed the program for stimulating entrepreneurship based on innovations and new technologies, allowing leading companies and respected members of Croatia to devote their time and resources as their contribution to Croatia’s future. These include, but are not limited to:

- Minister Dragan Primorac, Minister of Science, Education & Sports, states, “In cooperation with the World Bank, BICRO participated in the preparation of the Science & Technology program, in the scope of which new programs have been launched in order to promote cooperation between academic community and the business sector. Research
and development projects are a prerequisite for establishing spin-off companies whose innovation is based on intellectual property.”

Darinko Bago, President of the Managing Board of Koncar Electrical Industries Inc. states, “Ever since the end of the 90’s, when we opened up to the market, we have increased our productivity two times while profit has increased more than 700%. We can't compete on scale with companies producing products in hundreds of thousands or millions of pieces. But, why should we, if we can be the trusted, precision, value-added partner instead?”

Goran Radman says, “Most of the old companies do not exist anymore. Some of them or some segments of those companies survived. Croatia, last year, has managed to achieve the GDP it previously had. Microsoft is respected as “the driver of the market” not simply because it provides technology and know-how transfer, but essentially because it provides technology and know-how transfer, but essentially business knowledge and support to innovative Croatian entrepreneurs.”

Zeljko Covic states, “The quality and capabilities of the Croatian people are the real capital of our country and our company. This is due, in part, to the globally respected Croatian universities for Medicine, Chemistry, and Pharmacy, but also to the exchange of experience. The number of our foreign employees grew from 20 to 6000 from 1993 to 2000.”

Although Croatia has come a long way as far as growth and technology, the country still has some challenges to overcome. Goran Radman believes, “For Croatia to achieve the knowledge-based economy it needs, more political will for labor market reforms, deeper financial markets and better intellectual property regulations need to be implemented. Yet, it is the forward thinking business leaders of the Croatian national champion companies that can well pioneer the change. If Croatia wants to keep up, it’s really a key question of what type of labor or what type of business can generate three times more added-value that will help Croatians.”

The Future is Secure and Profitable

Croatia’s future as a competitive, knowledge-based economy in Europe can be determined by its opportunities on the global market and then its ability to rapidly execute on those opportunities. Croatia’s modern technology skills, high management capacity, and other ‘soft’ skills materialize into added-value for the international market.

Mr. Radman says it well, “Once we join the European Family, we would like to be an equal opportunity; we would like to contribute to the European competitiveness, not to take away from its capacity. For our own destiny we believe this is the only viable option.”

Croatia has great intellectual potential, and BICRO is there to realize it by uniting ideas with the market. The Business Innovation Center of Croatia – BICRO – founded by the Croatian Government in 1998, is a central institution in the Croatian national innovation system.

With support from European Community programs, Croatia has implemented wide-range reforms and policy measures to encourage commercialization of scientific research, innovations and technology solutions. BICRO performs five complementary sub-programs: RAZUM, TEHCRO, VENCRO, IRCRO and KONCRO.

Funding innovative technology projects to increase competition between Croatian small and medium size enterprises and to bridge and improve the flow of knowledge between scientific communities and business sectors, the RAZUM program ensures initial funding of newly established knowledge-based companies in research and development of new products or services within existing companies.

The TEHCRO program supports establishment of Technology Business Centers, Technology Incubators and Research and Development Centers. One of their current projects is the Mariculture Business and Incubation Centre (MARIBIC).

Located near the historic city of Dubrovnik, MARIBIC has the potential to become a focal point of international technology and training. Another project is the Science and Technology Park of the University of Rijeka (STeP) – the first Science Park in Croatia, offering IP protection, licensing and incubation programs.

Biosciences Technology Transfer and Business Incubation Center (BIOCenter) in Zagreb aims to provide national resources for bioscience fields (47.1% of persons engaged in Research and Development in Croatia work in the field of biosciences). The BIOCenter, once established and fully operational, will serve as a benchmark for a successful research and technology incubator for Southeast Europe.

VENCRO, a risk capital industry development program, was established to develop adequate sources of funding for young, innovative companies – reserving EUR 4.5 million as a government anchor investment for public-private VC funding in Croatia. Investors may contact the VENCRO program unit for more information at vencro@bicro.hr.

Finally, IRCRO programs stimulate cooperation between industry and research and development institutions, while KONCRO programs ensure access to technology knowledge and management skills by co-funding consultancy services.
Croatia is not only the home of sparkling waterfalls, canyons and mellow plains. It is also where the KONČAR Group has based its unique electrical engineer company.

The KONČAR Group is based on three basic axes.

The first and the most important is 4200 highly skilled and dedicated employees that have knowledge necessary to create unique products and motivation to produce products that will exceed expectations of any specific customer.

The second axis is its mainstay consisting of know how collected in a long standing production based on KONČAR in-house R&D.

In the area of transformers and low-flow tramcars it has resulted in products that have opened the doors of world wide markets. Nevertheless, KONČAR production programme comprises a far wider range of products: low voltage, middle voltage and high voltage devices and apparatus, disconnectors and circuit breakers, generators and motors, all of them based on KONČAR’s own solution as well.

The third one is a high flexibility in production able to adjust to requirements of any individual market or client.

KONČAR is a company employing 4200 employees and it can compete big players in specific niches where capacity of the employees, know how and flexibility are at stake as well as “tailor made” products and short delivery terms.

Our vision is KONČAR - the company of knowledge. The aim is to turn Zagreb into a centre of excellence for those products with which the KONČAR Group is competent in terms of the global market. Those are, in the first line, transformers and electric traction vehicles.

Green energy is the wave of the future. We are continuously keeping up on the newest technologies and are eager and prepared to take on any new challenges necessary for future changes in technology and renewable sources as a part of our production program.
Historical Monuments & Exquisite Wines of Ilok

Ilok has fascinating historical monuments, captivating Fruška Gora hills and breathtaking Islamic architecture. The Fruška Gora surrounds the town of Ilok, and is the origination of the world famous Traminac wine, as well as many other varieties. The Traminac wine has been served at the Court of England.

Those who visit Ilok will discover the historical monuments, as well as the history behind them. The Odescalchi castle was originally built within a spacious park of exotic trees and is today a historical museum. Ilok has beautiful churches, especially St. John de Capestrano Church. Capestrano was a Franciscan preacher from 1385 to 1456, and declared a saint in 1690. Ilok is an integral part of the beauty of Croatia.

Fine wines, gorgeous vineyards and gastronomic delights await visitors to Iločki Podrumi, one of the most popular wine producers in Croatia today. Iločki Podrumi offers wine distribution and specialized shops and taprooms throughout the area. Iločki Podrumi takes pride in offering a broad range of wines for discriminating palates, including the finest:

- Taminer
- Welsh Riesling
- Rhone Riesling
- Chardonnay
- Pinot Blanc
- Sauvignon
- Cabernet Sauvignon
- Blue Franconian

Croatia is home to many tourist destination sites, especially in the wine business. Each year, 25,000 tourists visit Ilok and the Old Celler of Iločki Podrumi. The Old Cellar was built in the 17th century by the famous Italian patrician family, Odescalchi, under their castle in Ilok.

Ilok wines have grown synonymous with quality. Originating from the Srijem wine region, known for its traditional methods of grape cultivation, Ilok wines have been and will continue to be cherished as they have been since ancient Roman times.

Ilok is a town rich in heritage and culture, a location known for its rich history of grape and wine production since the days of the Roman Empire and a favorite of Roman Emperor Probus. Eventually, Croatians settled the area. Wine produced in this region has been served in English courts since the 1800s and continues to be a favorite of many European royal families and courts.

The owner of Iločki Podrumi is Roto-Promet. This company is a leader in Croatia in the distribution and wholesale trading of numerous beverages, especially in production wine. Exporting their goods and products from Croatia onto a global market, Roto-Promet also strives to increase production of their wines for connoisseurs around the world, as well as bring in new revenue with tourism.
Integrating into the World Trade Infrastructure

Croatia is not only a beautiful place to visit. It is a place of opportunities and investments. The Croatian government has integrated into the world trade infrastructure, with the help of the World Bank. It has turned its ports into a place for regional growth and private investments.

Mr. Goran Radman says, “Prior to the collapse of Yugoslavia, Croatia had fairly large markets for its products and access to free trade to the West, as well as almost to the East.” Now, the face of transport is changing throughout the European market, and Croatia sees again its key role in this dynamic.”

The Port of Rijeka has become the focal port of overseas trade in the 21st century. Bojan Hlaca PhD says, “We are ready to capitalize on the emerging opportunities from the new transportation routes and to handle increased cargo from Balkan countries. Our goal is to increase Croatia’s trade competitiveness by improving the international transport gateway through Rijeka. Furthermore, there is an LNG terminal being built on the island of Krk and the port is growing in popularity as a leading route for the export of Russian oil. We have more demand at present than capacities to meet it and that is where investors can play a key role.”

Efficiency and profits have increased due to changes in the level of safety for shipping companies. Professor Hlaca knows the moment is coming to open the port for international shareholders. His vision for the port depends on Croatia’s inland transportation. He has faith that the current railway and canal renovations will boost Croatia’s international competitiveness.